

BIOCORP

Healthcare
Biotech

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Khalid Deojee Edward Hall
33(0) 6 70 39 10 82 44 207 332 2500
kzdeojee@bryangarnier.com ehall@bryangarnier.com

CORPORATE

Target price **EUR36**

Bloomberg / Reuters ALCO FP/ALCOR.PA
Free Float 51.3%
Avg. Daily volume'000 (6m) 2.90

+120%

Share Price **EUR16.30**

Ytd Perf. ns
12m high / low EUR38.7 / EUR16.3
Market Cap. EUR72m
E.V.(2022e) EUR71m

	2022e	2023e	2024e
EV/Sales	5.2x	3.7x	2.4x
EV/EBITDA	40.5x	25.1x	7.6x
EV/EBIT	40.5x	25.1x	7.6x
P/E	51.0x	32.4x	10.8x
Div Yield	0.4%	0.6%	1.9%

A calm H1 ahead of a busy H2

This morning, BIOCORP published H1 2022 results showing a slight decline in revenue (-13% to EUR3m) due to a delayed EUR4m milestone from Sanofi booked at end-June. The operating loss amounted to EUR2.5m (H1 2021: -EUR1.2m) with a cash position of EUR0.6m, which management believes is sufficient to continue R&D activities, expand the Mallya assembly lines, and pursue new contracts. We expect annual milestone payments from Sanofi until 2024 as well as a gradual ramp-up in Mallya sales. We continue to appreciate BIOCORP for its development and commercial collaborations with all the Big Pharma partners in the diabetes space (Sanofi, Roche, Novo Nordisk, and Merck).

Drop in H1 revenues to be offset by a EUR4 milestone payment from Sanofi in H2

- Including the EUR4m Sanofi milestone, revenue is on track to reach our FY 2022 estimate of EUR12-14m.
- The milestone delay stemmed from problems with the supply of components and the availability of software associated with the Mallya device. This problem is tied to all partners of BIOCORP.
- We would point out that the delays are neither directly related to BIOCORP, nor are they linked to technical difficulties, but stem more from lengthy discussions needed, via other partners, to penetrate the fragmented market of the diabetes space.
- We continue to expect FY 2022 operating profit of EUR1-2m.

Self-financing reiterated by management with a current cash position of only EUR0.6m

- BIOCORP recorded a cash position of EUR589k at end-June 2022, which according to management, should be sufficient to finance the ramp-up of Mallya assembly lines ([see our previous note](#)).
- The company should be well-funded thanks to milestones from Sanofi up to 2024 and a ramp-up in Mallya sales.

We maintain our EUR36 TP, and look forward to new commercial partnerships as catalysts

- We continue to appreciate BIOCORP's story in view of its strong collaborative ties with Big Pharma partners (Sanofi, Roche, Novo Nordisk, and Merck). We believe the partnership with Sanofi will be a major driver of sales volumes starting next year.
- Backed by its partners, we see no major competitive threats on the horizon.
- Inking of new partnerships for the commercialisation of Mallya in the insulin monitoring space or other indications could provide meaningful catalysts for the stock.

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Target price	EUR36
Share price	EUR16.30
Market Cap.	EUR72m
EPS 3Y CAGR	NM

Fiscal year end 31/12	2020	2021	2022e	2023e	2024e
Financial Summary					
EPS (EUR)	-0.28	0.07	0.32	0.50	1.51
Restated EPS (EUR)	-0.28	0.07	0.32	0.50	1.51
% change	-223%	-	374%	57%	201%
FCF (EUR)	-0.60	0.15	0.36	0.61	1.64
Net dividend (EUR)	-0.06	0.01	0.06	0.10	0.30
Average yearly Price	21.3	-	-	-	-
Avg. Number of shares, diluted (m)	4164.00	4.36	4.36	4.36	4.36
Historical Enterprise value (EURm)	-	-	-	-	-
Valuation (x)					
EV/Sales	0.0x	0.0x	5.18x	3.71x	2.37x
EV/EBITDA	0.0x	0.0x	40.45x	25.14x	7.60x
EV/EBIT	0.0x	0.0x	40.45x	25.14x	7.60x
P/E	-74.8x	0.0x	50.96x	32.44x	10.76x
FCF yield (%)	-2.8%	-	2.18%	3.72%	10.05%
Net dividend yield (%)	-0.3%	-	0.4%	0.6%	1.9%
Profit & Loss Account (EURm)					
Revenues	8.48	10.55	13.62	18.59	26.47
Change (%)	-8.6%	24.5%	29.0%	36.5%	42.4%
Adjusted EBITDA	-1.605	0.137	1.744	2.740	8.258
EBIT	-1.605	0.137	1.744	2.740	8.258
Change (%)	-283.4%	-	1169.2%	57.1%	201.4%
Financial results	-0.16	-0.09	0.00	0.00	0.00
Pre-Tax profits	-1.24	0.29	1.74	2.74	8.26
Tax	0.00	0.00	0.35	0.55	1.65
Net profit	-1.24	0.29	1.40	2.19	6.61
Restated net profit	-1.24	0.29	1.40	2.19	6.61
Change (%)	-229.4%	-	374.2%	57.1%	201.4%
Cash Flow Statement (EURm)					
Operating cash flows	-0.17	-0.45	2.10	3.39	8.21
Change in working capital	0.43	-1.51	0.00	0.00	0.00
Capex, net	-2.43	-1.00	-0.54	-0.74	-1.06
Free Cash flow	-2.60	0.66	1.55	2.65	7.15
Financial investments, net	-0.03	-0.03	0.00	0.00	0.00
Dividends	0.00	0.00	0.00	0.00	0.00
Capital increase	4.01	0.00	0.00	0.00	0.00
Other	0.00	0.00	0.00	0.00	0.00
Change in net debt	1.38	0.64	1.55	2.65	7.15
Net debt (+)/cash (-)	0.81	0.18	-1.37	-4.02	-11.17
Balance Sheet (EURm)					
Tangible fixed assets	3.49	3.55	3.40	2.94	2.40
Intangibles assets	0.09	0.06	0.06	0.06	0.06
Cash & equivalents	3.38	4.02	5.57	8.22	15.37
current assets	2.60	4.35	0.00	0.00	0.00
Other assets	0.54	0.56	0.56	0.56	0.56
Total assets	10.09	12.54	9.58	11.78	18.38
L & ST Debt	4.20	4.20	4.20	4.20	4.20
Others liabilities	2.97	2.96	0.00	0.00	0.00
Shareholders' funds	2.84	3.12	4.52	6.71	13.32
Total Liabilities	10.01	10.29	8.72	10.91	17.51
Ratios					
Gross margin	100.2%	103.2%	102.5%	86.5%	85.0%
EBITDA margin	-11.1%	6.5%	17.9%	21.2%	37.2%
Net debt/EBITDA (x)	-0.87	0.26	-0.56	-1.02	-1.13
Operating margin	-18.9%	1.3%	12.8%	14.7%	31.2%
Tax rate	20.0%	20.0%	20.0%	20.0%	20.0%
Net margin	-14.7%	2.8%	10.2%	11.8%	25.0%
ROE	-43.8%	9.4%	30.9%	32.7%	49.6%
ROCE	-40.1%	3.0%	40.3%	73.0%	268.5%
Gearing	29%	6%	-30%	-60%	-84%
Dividend payout	20.0%	20.0%	20.0%	20.0%	20.0%

Source: Company Data; Bryan, Garnier & Co ests.

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For the purposes of this Report, the Bryan Garnier stock rating system is defined as follows:

Stock rating

CONVICTION BUY	The highest possible rating, based on a very strong conviction in the mid/long-term outlook and strategic choices made by a company, and should therefore be reflected in the extent of upside in the associated target price. There is no reason to limit the number of CONVICTION BUY ratings, however they must also reflect some kind of preference in relative terms within a sector.
BUY	This rating should traditionally be applied to companies for which we expect a positive absolute share price performance over a 6 to 12 month period. The opinion is based not only on the TP (which represents theoretical upside relative to the current share price over a 12-month period) but also takes into consideration a number of other factors that may include a SWOT analysis, momentum, technical aspects or the sector backdrop.
NEUTRAL	This rating is the equivalent of a recommendation not to trade in a stock in the short term, either as a buyer or a seller, for many potential reasons. The view is intended to be temporary since it has been proven that few stocks actually remain within a narrow -5%/+5% range over a long period of time. The rating is particularly valid in exceptional market conditions. Our intention is to limit the total number of NEUTRAL ratings to 20%.
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CONVICTION SELL	This is the lowest possible rating reflecting a strong disagreement with the main strategic choices made by a company, pointing to the risk of de-rating and value destruction and which is obviously also reflected in downside potential between the share price and the target price.
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Conviction BUY ratings 4.5% BUY ratings 62.3% NEUTRAL ratings 22.1% SELL ratings 11% Conviction SELL ratings 0%

ESG

E S G	GREEN	The highest possible rating, reflecting a positive overall assessment of the company re pre-defined criteria.
	ORANGE	The rating means that we have identified at least one topic which deserves attention and would require corrective measures.
	RED	This is a red flag. The rating says that there is at least one topic identified that is simply not acceptable at present state.
	GREY	Not rated, mainly because of insufficient data.

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London	Paris	Munich	New York
16 Old Queen Street London SW1H 9HP United Kingdom	92 Avenue des Champs-Élysées 75008 Paris France	Königinstr. 9 80539 Munich Germany	Bryan Garnier Securities LLC 750 Lexington Avenue 16th floor New York, NY 10022 United States
+44 207 332 2500	+33 1 56 68 75 20	+49 89 2422 62 11	+1 212 337 7000
Oslo	Stockholm		
Beddingen 8, Aker Brygge Postbox: 0117 Oslo Oslo 0250 Norway	Nybrokajen 5 111 48 Stockholm Sweden		
+47 908 45 025	+46 722 401 080		

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